



RENTAL PROPERTY TAX ACCOUNTING CHECKLIST

Below are step-by-step instructions for setting up your rental property tax accounting, as well as ongoing tasks to implement. These steps will aid in your rental property organization and make tax time a heck of a lot easier, as well as clarify for you the profitability of your rental(s). The “other items” are additional steps we suggest taking during the process of setting up your rental(s).

INITIAL SETUP *(the key is to eliminate comingling of personal and rental property funds):*

- 1) Establish a separate checking account at your bank for each unique rental property **
- 2) Establish a separate debit/credit card for each unique rental **
 - a. Link the payments for this card to the appropriate rental bank account *(setup in #1 above)*
- 3) Setup accounting software *(we suggest using something simple like “YNAB”)*
 - a. See page 2 of this document for instructions on implementing YNAB into your rental property accounting

DAILY TASKS, AS APPLICABLE:

- 1) Deposit all rental-related income into that rental’s account *(but never deposit “non-rental” items)*
 - a. Via direct deposit or manual ATM/bank deposit
- 2) Pay all rental-related expenses from that rental’s account *(but never pay “non-rental” expenses)*
 - a. Via written checks, debit card, credit card
- 3) (Manually) Log transactions into your accounting software as they occur, categorizing as applicable ***
 - a. Contact Chad with questions on categorizing

MONTHLY TASKS:

- 1) (Automatically) Log transactions into accounting software by importing bank & credit account files ***
- 2) Categorize & approve imported transactions as applicable
 - a. Contact Chad with questions on categorizing

TAX TIME TASKS:

- 1) Provide Chad with your Profit & Loss Report each tax year *(provides income/expense info for tax return)*

OTHER ITEMS:

- Checkout our Blog article titled “[6 Tips For Owning Rental Properties](#)”
- Checkout our Blog article titled “[Implications of Converting Your Home To A Rental](#)”

****** *These are in addition to your existing personal checking account and personal credit cards. Does not necessarily need to be a “business” type account as banks and credit cards will charge you more if it’s labeled as business. You just need to know it’s for your rental business accounting...it can still be a “personal” checking account if no DBA name affiliation is required for your rental(s).*

******* *The manual step is applicable if you prefer to log as you go, or if your bank/credit card vendors don’t allow transaction exporting. Some also choose a combination of both, with daily logging of written checks and direct bank deposits/withdrawals, and monthly (automatic) importing of credit card transactions.*



IMPLEMENTING YNAB FOR RENTAL PROPERTY ACCOUNTING

Below are step-by-step instructions for setting up YNAB as the software for your rental property accounting. Please note that the instructions may adjust slightly if YNAB & Dropbox adjust their processes, etc.

SOFTWARE SETUP

- 1) Purchase/download YNAB by [clicking here](#)
 - a. Once the software opens, **do NOT** open any files. Minimize the window until you select the following template for Rental property finances: [Click Here](#)
 - b. NOTE: If you don't already have Dropbox, you'll now need to create a new account & download the software
- 2) Once downloaded and the Dropbox browser opens, hit the blue "Download" button
- 3) Then hit "Save to my Dropbox"
- 4) Go back to the YNAB program
- 5) Click File > Open
- 6) Select "Open another budget"
- 7) Select "Open a YNAB 4 budget"
- 8) Search for the applicable "Client Template -1- Business (rental property)" file in your computer's Dropbox folder...once you locate and select this file, your new rental property budget will open
- 9) DO NOT make any changes to the order of things, etc. before speaking with us

ACCOUNTING SETUP

- 1) Implement a rental property budget, after consulting with Chad
 - a. Customize category names and amounts in YNAB (*from Chad's template*)
 - b. Employ a "draw" to "smooth" out irregular income - [click here](#) for a helpful article on this

ONGOING TASKS

- 1) See previous page for daily, monthly, and tax time tasks